Sales Promotion of Small and Tiny Units

2694. SHRI G.Y. KRISHNAN: Will the Minister of FINANCE be pleased to refer to reply to Starred Question 391 given in the Rajya Sabha on 24th August, 1993 and state:

(a) whether government will direct SIDBI wholly owned company of Industrial Development Bank of India that it should provide financial assistance instead of refinance to marketing entrepreneurs to set up sales outlets for promotion of small scale industries and tiny units products as Scheduled Banks are not taking much interest in this scheme;

(b) whether it is a fact that banks are still insisting on collateral security/ guarantee under this scheme whereas SIDBI has directed that no collateral security/guarantee be insisted upon for securing the bank loans under this scheme as the risk is already covered under the credit guarantee scheme of Reserve Bank of India; and

(c) if reply to part (a) above is in negative what financial loss SIDBI will suffer for direct financing instead of refinance through banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) The Small Industries Development Bank of India (SIDBI) has reported that it operates both refinance and direct assistance schemes for specialised marketing agencies.

(b) SIDBI's scheme of refinance assistance for marketing entrepreneurs provides that the loan shall be secured by a first charge by way of mortgage-hypothecation of fixed assets of show room/sales outlet. In case of existing units seeking assistance for expansion/renovation, the charge shall rank pari passu with the existing first charge, if any. Though no collateral security/guarantee need be insisted upon for securing the bank loan under the scheme, there is no bar on banks obtaining such collateral security/ guarantee.

(c) SIDBI had introduced a scheme of Direct Assistance in 1990 to specialised marketing agencies in the Corporate/ Cooperative sector. Under the scheme, well established voluntary groups/ companies and marketing agencies are provided assistance for setting up of new sales outlets or renovation/expansion of existing showrooms for marketing the products of small scale sector especially in big cities. The project cost upto Rs. 300 lakhs may include land and building, showroom facility, office equipment etc.

Properties Hypothecated in Fictitious Documents

2695. SHRI T.A. MOHAMMED SAQHY:
SHRI NAGMANI:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Punjab National Bank at Contai Branch (West Bengal) has given loan to persons who have hypothecated properties to the said bank on fictitious documents;

(b) if so, what are the reasons and details thereof; and

(c) what action have been taken by Government to stop such mal-practices?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M.V. CHANDRASHEKHAR MURTHY): (a) No, Sir.

(b) and (c) Do not arise.

Stagnation of States Revenue Receipts

2696. SHRI NILOTPAL BASU: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that the near stagnation of States revenue receipts and the plateauing of net transfers by the Centre have driven the States to resort to larger borrowings;